

FY 2023 results

February 15, 2024

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Disclaimer & foreword

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements relating to Safran, which do not refer to historical facts but refer to expectations based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those included in such statements. These statements or disclosures may discuss goals, intentions and expectations as to future trends, synergies, value accretions, plans, events, results of operations or financial condition, or state other information relating to Safran, based on current beliefs of management as well as assumptions made by, and information currently available to, management. Forward-looking statements generally will be accompanied by words such as "anticipate," "believe," "plan," "could," "would," "estimate," "expect," "forecast," "guidance," "intend," "may," "possible," "potential," "predict," "project" or other similar words, phrases or expressions. Many of these risks and uncertainties relate to factors that are beyond Safran's control. Therefore, investors and shareholders should not place undue reliance on such statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: uncertainties related in particular to the economic, financial, competitive, tax or regulatory environment; the risks that the new businesses will not be integrated successfully or that the combined company will not realize estimated cost savings and synergies; Safran's ability to successfully implement and complete its plans and strategies and to meet its targets; the benefits from Safran's plans and strategies being less than anticipated; the risks described in the Universal Registration Document (URD).

The foregoing list of factors is not exhaustive. Forward-looking statements speak only as of the date they are made. Safran does not assume any obligation to update any public information or forward-looking statement in this document to reflect events or circumstances after the date of this document, except as may be required by applicable laws.

USE OF NON-GAAP FINANCIAL INFORMATION

This document contains supplemental non-GAAP financial information. Readers are cautioned that these measures are unaudited and not directly reflected in the Group's financial statements as prepared under International Financial Reporting Standards and should not be considered as a substitute for GAAP financial measures. In addition, such non-GAAP financial measures may not be comparable to similarly titled information from other companies.

ADJUSTED DATA

All revenue figures in this presentation represent adjusted data⁽¹⁾ (except where noted). Safran's consolidated income statement has been adjusted for the impact of:

- **purchase price allocations with respect to business combinations.** Since 2005, this restatement concerns the amortization charged against intangible assets relating to aircraft programs revalued at the time of the Sagem-Snecma merger. With effect from the first half 2010 interim financial statements, the Group decided to restate:
 - the impact of purchase price allocations for business combinations, particularly amortization and depreciation charged against intangible assets and property, plant and equipment recognized or remeasured at the time of the transaction and amortized or depreciated over extended periods due to the length of the Group's business cycles and the impact of remeasuring inventories, as well as
 - gains on remeasuring any previously held equity interests in the event of step acquisitions or asset contributions to joint ventures
- **the mark-to-market of foreign currency derivatives, in order to better reflect the economic substance of the Group's overall foreign currency risk hedging strategy:**
 - revenue net of purchases denominated in foreign currencies is measured using the effective hedged rate, i.e., including the costs of the hedging strategy
 - all mark-to-market changes on instruments hedging future cash flows are neutralized
- **The resulting changes in deferred tax have also been adjusted.**

ORGANIC GROWTH

- **Organic variations were determined by excluding the effect of changes in scope of consolidation and the impact of foreign currency variations.**

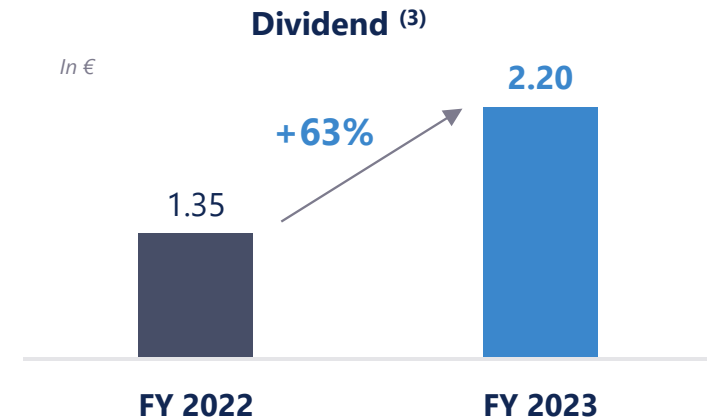
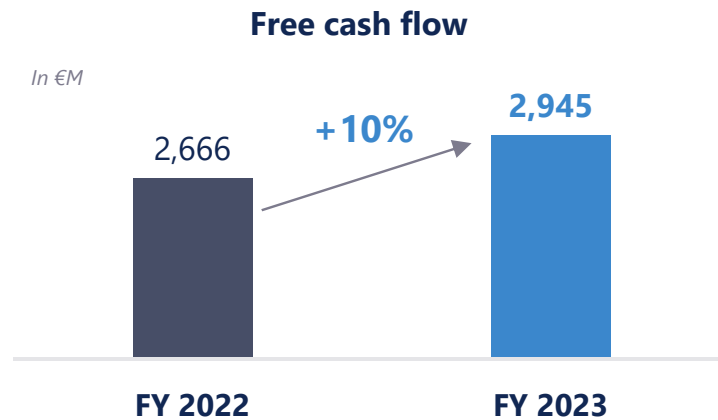
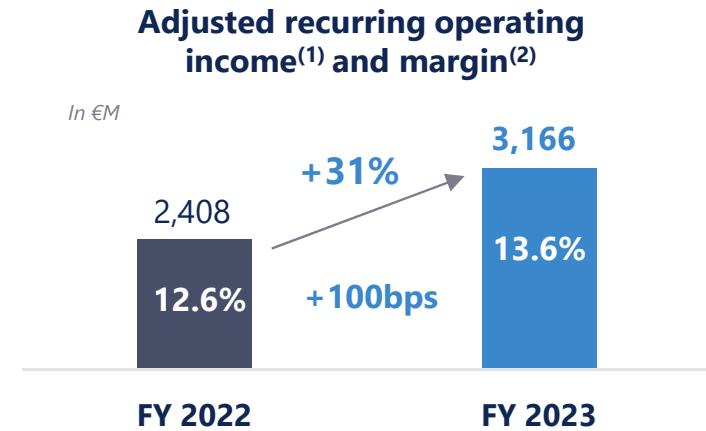
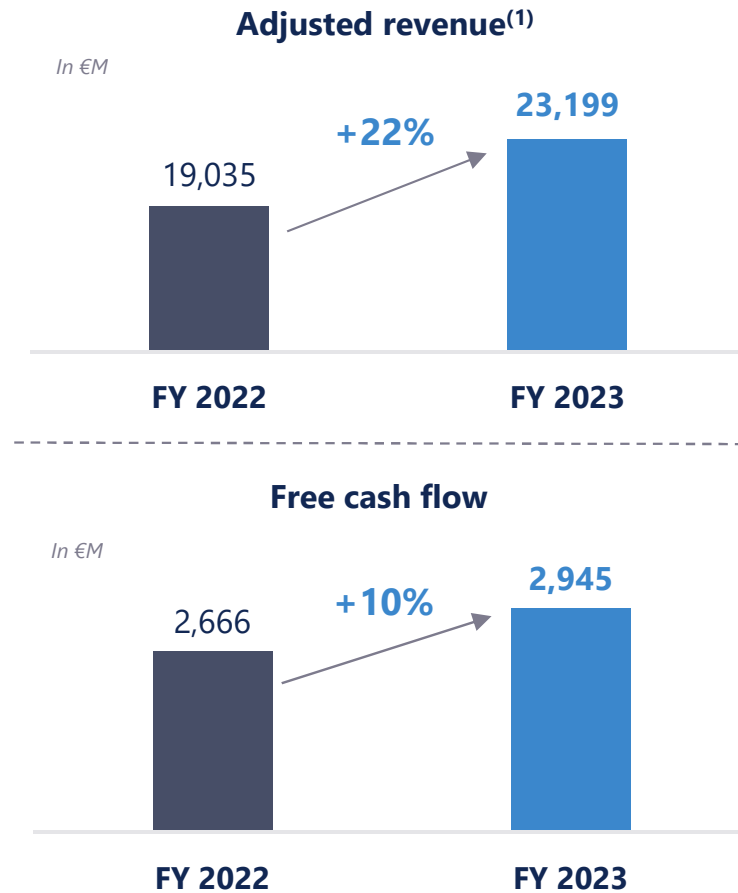
(1) See slide 8 for bridge with consolidated revenue

Key highlights

- **Favorable market trends**
 - NB traffic fully recovered to 2019 level early 2023
 - WB traffic to catch-up in 2024
 - Strong market demand for new aircraft (India, Middle-East)
- **2023 results meeting or exceeding guidance**
 - LEAP deliveries grew by 38% in a constrained supply-chain environment
 - Civil aftermarket: +32.9% (in \$)
 - EBIT margin improved by 100bps despite inflation
 - Progress on turnaround of Aircraft Interiors
 - Cash generation nearing €3bn
- **2024 set to be another strong year**
- **Save the date: CMD'24 on Dec. 5**



FY 2023 financial performance



⁽¹⁾ See slide 8 for bridge with consolidated figures
⁽²⁾ Adjusted recurring operating income as a % of adjusted revenue
⁽³⁾ Subject to shareholders' approval

Latest business highlights



US\$1.2bn agreements signed with Emirates



LEAP engines orders and services agreements



Nacellelife™ service contracts signed



Military engines agreements

ESG – Climate strategy highlights



TECHNOLOGICAL ROADMAP

- RISE: first wind tunnel tests of Open Fan technology at ONERA facilities
- Successful flight test campaign with a LEAP-1A powered A321neo using 100% SAF
- Successful ground test of the first hydrogen-combustion based turboprop engine for general aviation
- First hybrid-electric flight of the EcoPulse aircraft demonstrator



CO₂ EMISSIONS

- CDP rating: Safran recognized with 'A' score for transparency on climate change
- Inauguration of one of the largest self-consumption photovoltaic power plant in France (Safran Nacelles)
- 12-year virtual renewable power purchase agreement covering 100% of Safran needs in the US (from 2026)
- Supplier Day to get Safran's 400 top suppliers behind its decarbonization strategy



FY 2023 RESULTS

Consolidated and adjusted income statements

Change in Mark-to-Market of instruments hedging future cash flows

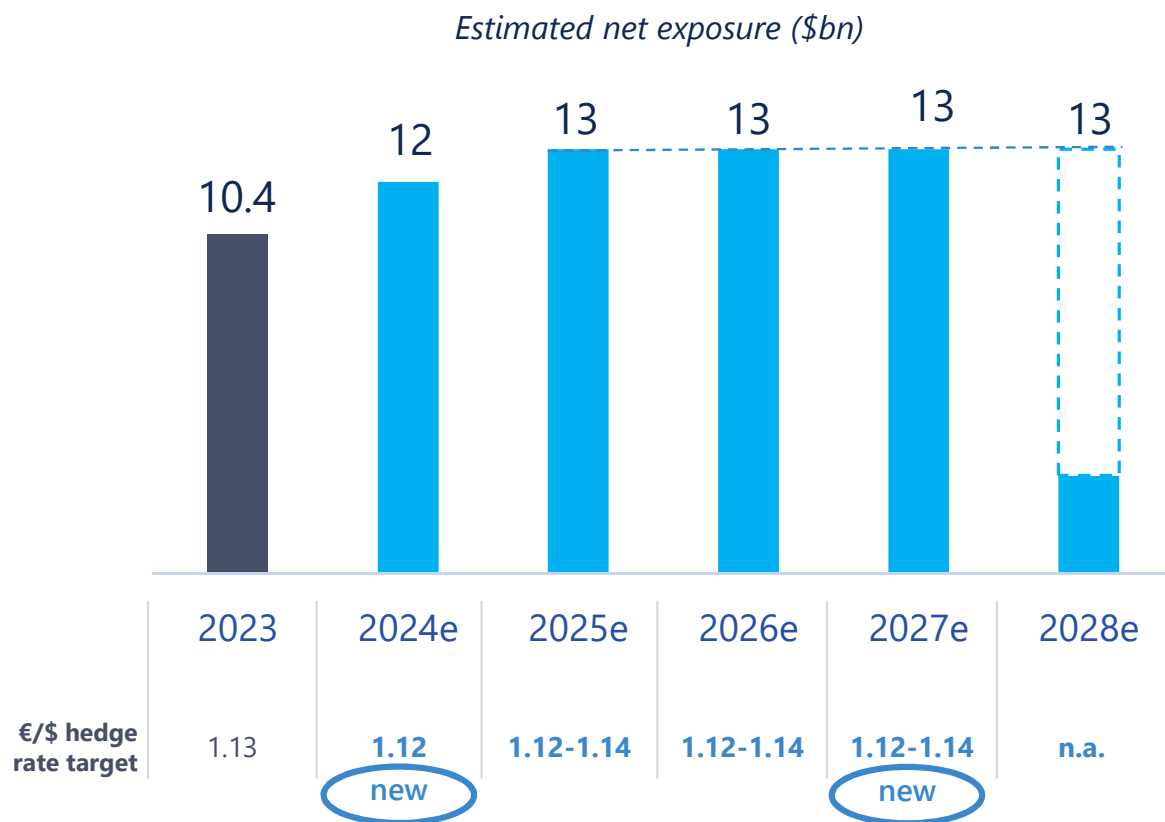
FY 2023 reconciliation (In €M)	Consolidated data	CURRENCY HEDGING		BUSINESS COMBINATIONS		Adjusted data
		Re-measurement of revenue ⁽¹⁾	Deferred hedging gain/loss ⁽²⁾	Amortization of intangible assets - Sagem/Snecma merger ⁽³⁾	PPA impacts – other business combinations ⁽⁴⁾	
Revenue	23,651	(452)				23,199
Other operating income and expenses	(20,441)	(3)	(7)	38	258	(20,155)
Share in profit from joint ventures	99				23	122
Recurring operating income	3,309	(455)	(7)	38	281	3,166
Other non-recurring operating income and expenses	(511)					(511)
Profit (loss) from operations	2,798	(455)	(7)	38	281	2,655
Cost of debt	112					112
Foreign exchange gain / loss	1,850	455	(2,239)			66
Other financial income and expense	(4)					(4)
Financial income (loss)	1,958	455	(2,239)			174
Income tax expense	(1,236)		581	(10)	(59)	(724)
Profit (loss) from continuing operations	3,520	-	(1,665)	28	222	2,105
Attributable to non-controlling interests	(76)	-	(1)	-	-	(77)
Attributable to owners of the parent	3,444	-	(1,666)	28	222	2,028

(1) Remeasurement of foreign-currency denominated revenue net of purchases (by currency) at the hedged rate (including premiums on unwound options) through the reclassification of changes in the fair value of instruments hedging cash flows recognized in profit or loss for the period.

(2) Changes in the fair value of instruments hedging future cash flows that will be recognized in profit or loss in future periods (€(2,239) million excluding tax), and the impact of taking into account hedges when measuring provisions for losses on completion (negative €7 million at December 31, 2023).

(3) Cancellation of amortization/impairment of intangible assets relating to the remeasurement of aircraft programs resulting from the application of IFRS 3 to the Sagem-Snecma merger.

(4) Cancellation of the impact of remeasuring assets at the time of the Zodiac Aerospace acquisition for €198 million excluding deferred tax and cancellation of amortization/impairment of assets identified during other business combinations.



- 2024 hedge rate set at \$ 1.12 (1-cent improvement from 2023)
- \$54bn hedge book⁽¹⁾ as of Dec. 2023 (\$50.5bn as of Oct. 2023)

Spot rate		
€/\$	2022	2023
Average spot rate	1.05	1.08
Dec. 31 rate	1.07	1.11

Note: Approx. 45% of Safran US\$ revenue is naturally hedged by US\$ procurement

(1) The hedge book includes barrier options with knock-out triggers ranging from \$1.15 to \$1.28, representing a risk to the size of the book and to targeted hedge rates from 2024 onwards in case of sudden and significant exchange rates fluctuations

FY 2023 income statement

(In €M)

	FY 2022	FY 2023
Revenue	19,035	23,199
Other recurring operating income and expenses	(16,724)	(20,155)
Share in profit from joint ventures	97	122
Recurring operating income	2,408	3,166
% of revenue	12.6%	13.6%
Total one-off items	(450)	(511)
Profit from operations	1,958	2,655
% of revenue	10.3%	11.4%
Net financial income (expense)	(186)	174
Income tax expense	(557)	(724)
Profit for the period	1,215	2,105
Profit for the period attributable to non-controlling interests	(37)	(77)
Profit attributable to owners of the parent	1,178	2,028
EPS (basic in €)	2.76⁽¹⁾	4.85⁽³⁾
EPS (diluted in €)	2.68⁽²⁾	4.70⁽⁴⁾

Of which impairment charges for several programs and €(327)M of goodwill impairment to reflect the late execution of Aircraft Interiors turnaround

Of which €112M of financial interests (positive net cash balance) and €66M FX revaluation of positions in the balance sheet

Apparent tax rate of 25.6%

(1) Based on the weighted average number of shares of 426,680,657 as of December 31, 2022

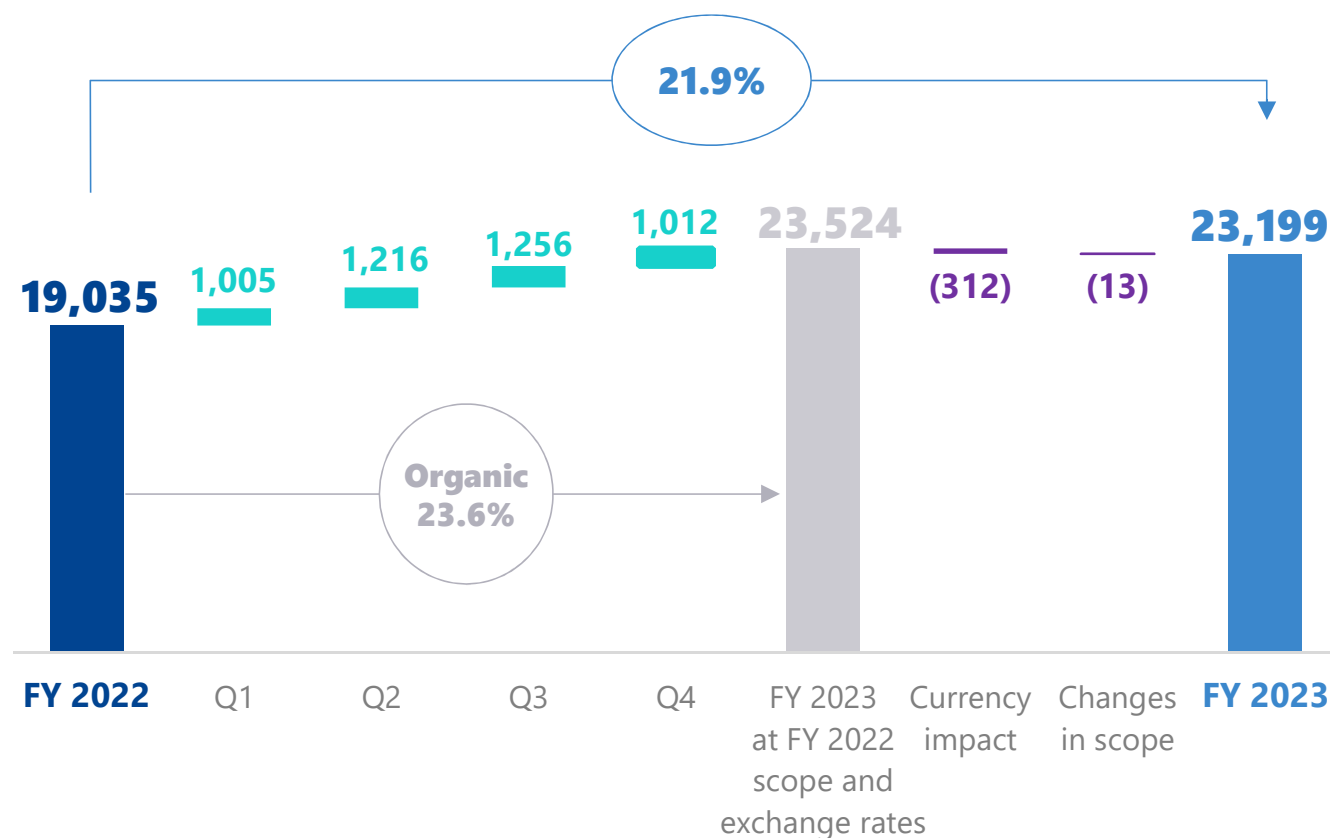
(2) Based on the weighted average number of shares after dilution of 440,159,929 as of December 31, 2022

(3) Based on the weighted average number of shares of 417,795,492 as of December 31, 2023

(4) Based on the weighted average number of shares after dilution of 431,373,561 as of December 31, 2023

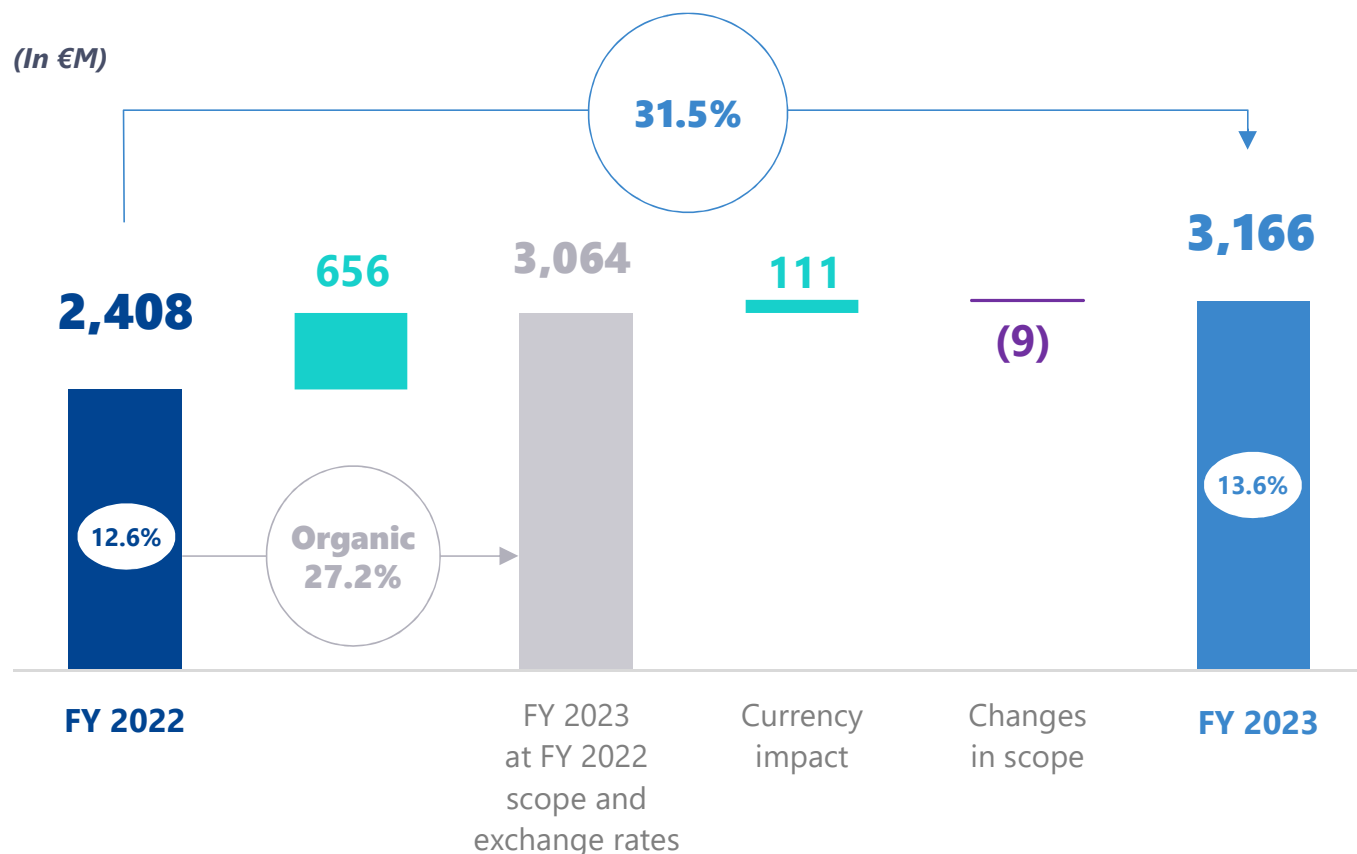
FY 2023 revenue

(In €M)



- **Organic: +23.6%**
 - Strong growth in services (+25%) in all divisions benefiting from air traffic recovery
 - Strong growth in OE (+22%) driven by narrowbody ramp-up despite supply chain constraints
- **Currency: (1.6)%**
 - €/ \$ spot rate: 1.08 in 2023 vs. 1.05 in 2022
- **Scope: (0.1)%**
 - Disposal of Cargo and Catering activities in May 2023 (from Aircraft Interiors)
 - Acquisition of Thales Aeronautical Electrical Systems activities in October 2023 (within Equipment & Defense)

FY 2023 recurring operating income



- Recurring operating income up €758m
- Operating margin up by 100bps
- Main drivers
 - Growth in services, notably civil aftermarket
 - OE ramp-up, with high spare engine ratio
 - Cost control
 - Inflation impact partially absorbed

Aerospace Propulsion

■ Civil engines

- OE deliveries
 - 1,570 LEAP (up 434 units vs. 2022, +38%), high level of spare engine ratio
 - High-thrust engines: 190 units (up 9 units vs. 2022)
- Civil aftermarket revenue growth (up 32.9% in \$)
 - +38% in Q1, +35% in Q2, +39% in Q3 and +21% in Q4 2023
 - Solid growth for CFM56 spare parts and LEAP flight hours (with no margin recognition)

■ Helicopter turbines

- OE deliveries: 588 units (up 80 vs. 2022)
- Services activity up
 - Price and volume up but impacted by supply chain constraints

■ Military engines

- Lower M88 deliveries and services

■ Strong operating margin improvement thanks to civil aftermarket growth and elevated LEAP spare engine ratio

(In €M)	2022	2023	Change	Organic Change
Revenue	9,506	11,876	24.9%	26.7%
Recurring operating income	1,710	2,390	680	OE: 32.6% Services: 23.3%
% of revenue	18.0%	20.1%	2.1pts	
<i>One-off items</i>	(144)	(52)		
Profit (loss) from operations	1,566	2,338		
% of revenue	16.5%	19.7%		

Equipment & Defense

Equipment

- Strong growth in services in all activities
- OE volumes up
 - Landing gears (A320neo, 787)
 - Electrical systems (787, A320neo, 737MAX)
 - Avionics (FADEC for LEAP)
- Less nacelles OE activity due to downward revised demand

Defense

- Growth led by guidance systems and JIM multifunction infrared binoculars

Operating margin impacted by inflation and supply chain constraints

(In €M)	2022	2023	Change	Organic Change
Revenue	7,535	8,835	17.3%	17.3%
Recurring operating income	874	992	118	OE: 13.4% Services: 23.9%
% of revenue	11.6%	11.2%	(0.4)pt	
<i>One-off items</i>	40	(13)		
Profit (loss) from operations	914	979		
% of revenue	12.1%	11.1%		

Aircraft Interiors

- **Strong organic revenue growth, still 23% below 2019 revenue**
- **Cabin**
 - Strong growth in OE led by Custom Cabin and Floor to Floor activities
 - Strong growth in services thanks to spare parts
- **Seats**
 - OE growth was driven by Economy class seats
 - 983 business class seats delivered (down (721) vs. 2022), Q4 sequential improvement (+199 vs. Q3 2023)
 - Strong growth in services
- **Progress in the recovery process**
- **Operating breakeven reached in Cabin and IFE in FY23, Seats in Q4**

(In €M)	2022	2023	Change	Organic Change
Revenue	1,978	2,477	25.2%	32.8%
Recurring operating income	(140)	(116)	24	OE: 24.8% Services: 51.8%
% of revenue	(7.1)%	(4.7)%	2.4pts	
<i>One-off items</i>	(346)	(428)		
Profit (loss) from operations	(486)	(544)		
% of revenue	(24.6)%	(22.0)%		

FY 2023 Free Cash Flow

(In €M)	2022	2023	
Recurring operating income	2,408	3,166	
One-off items	(450)	(511)	
Amortization, provisions and depreciation (excl. financial)	1,540	1,491	← <i>Stable amortization at €1,041M, lower level of depreciation at €498M and lower level of provisions at €(48)M</i>
EBITDA	3,498	4,146	
Income tax and non cash items	(682)	(634)	
Cash from operating activities before change in WC	2,816	3,512	
Change in WC	729	758	← <i>Positive cash impact from working capital: customer advance payments, higher deferred income partially offset by higher inventories</i>
Cash from operating activities after change in WC	3,545	4,270	
Capex (tangible assets)	(498)	(823)	← <i>Capex increase to support growth</i>
Capex (intangible assets)*	(381)	(502)	
Free cash flow	2,666	2,945	

* Of which €323M capitalised R&D in 2023 vs €283M in 2022

FY 2023 net cash evolution

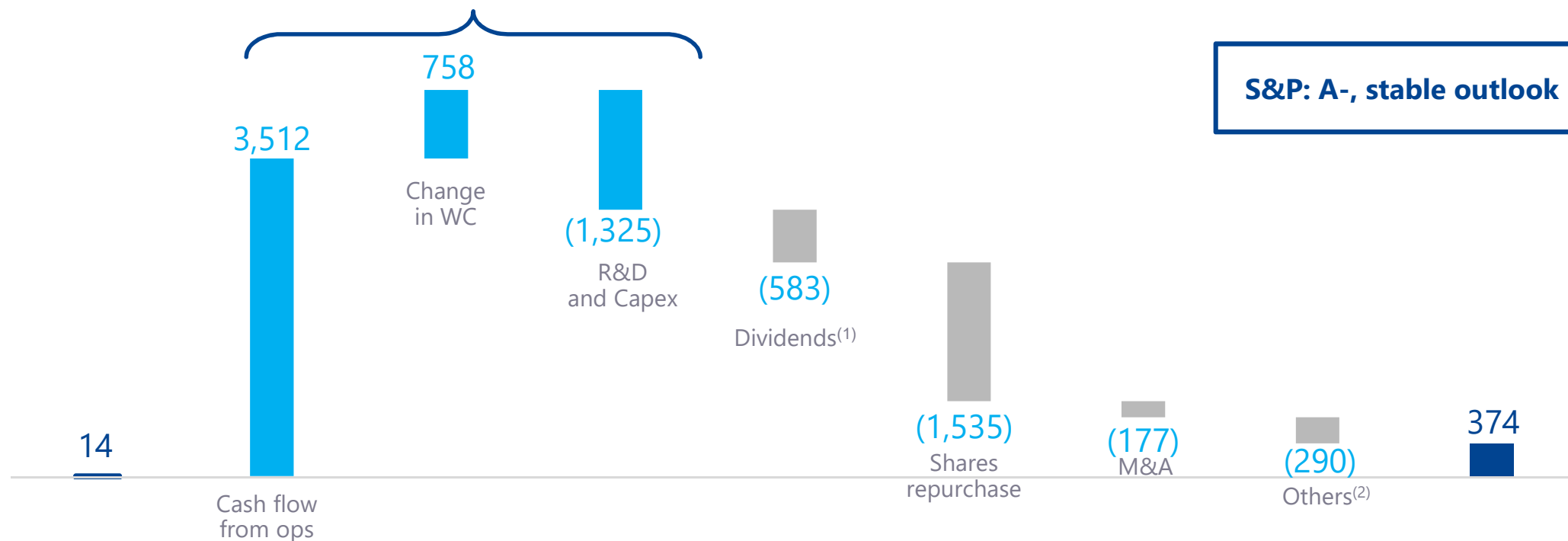
(In €M)

Net cash
at Dec 31, 2022

€2,945M Free Cash Flow

Net cash
at Dec 31, 2023

S&P: A-, stable outlook

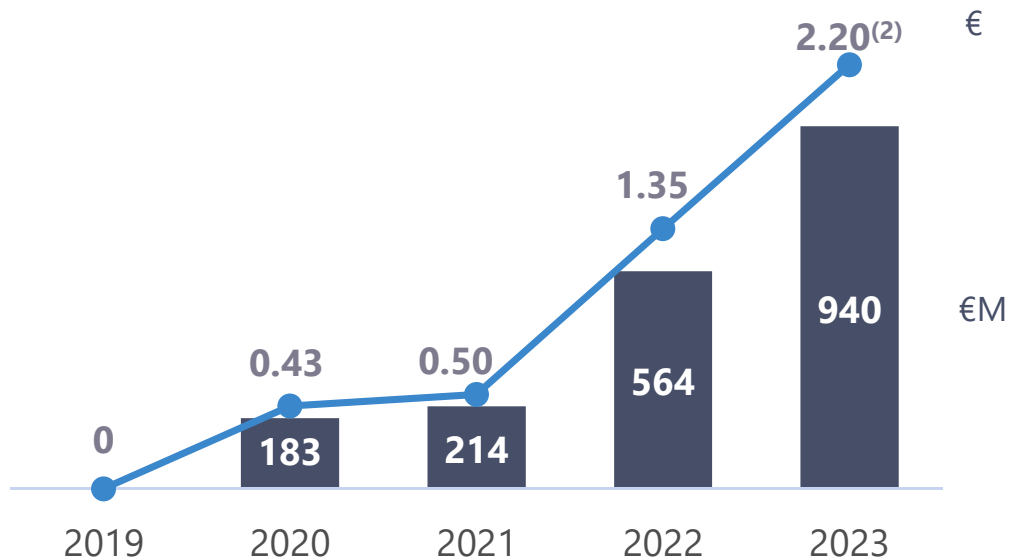


(1) Including €(19)M of dividends to minority interests
(2) Including €(100)M of non cash equivalent financial investment

Shareholder returns

▪ Dividend up 63%

- Safran will propose to its shareholders' vote a dividend per share of €2.20 for fiscal year 2023, paid in 2024⁽¹⁾



▪ Share repurchase programs

- c. €1.5bn of shares repurchased in 2023 (11.2m shares)
- up to 450M€ worth of shares to be repurchased in Q1 2024⁽³⁾
- €1bn program for share cancellation announced in July 2023 to be executed across 2024-25

(1) Ex-Date: May 28, 2024; Record date: May 29, 2024; Date of payment: May 30, 2024;

(2) Subject to shareholder approval at the Annual General Meeting of May 23, 2024

(3) To complete the hedging of the potential dilution of 2028 convertible bonds and to enable the allocation or sale of shares to employees or corporate officers of Safran or other Group companies. If market permits as the maximum purchase price authorized on May 25, 2023 by the shareholders' General Meeting is set at €175.



FY 2024 OUTLOOK

FY 2024 outlook

SAFRAN EXPECTS TO ACHIEVE FOR FY 2024⁽¹⁾

(€/ \$ spot rate of 1.10 and hedge rate of 1.12)

- **Revenue around €27.4bn**
- **Recurring operating income close to €4.0bn**
- **Free Cash Flow around €3.0bn subject to payment schedule of some advance payments**

Safran's main assumptions

- **LEAP engine deliveries up by 20% to 25%**
- **Civil aftermarket revenue up by around 20% (in \$)**

Watch item

- **Supply chain production capabilities**

(1) At current perimeter, adjusted data

FY 2024 key priorities

- **Manage ramp-up in OE deliveries**
- **Support aftermarket growth**
- **Execute Aircraft Interiors turnaround**
- **Accelerate pace of investment for decarbonization**
- **Focus on earnings and cash growth trajectory towards 2025**





APPENDIX

Number of products delivered on major aerospace programs

<i>Number of units delivered</i>	2022	2023	Units	%
LEAP engines	1,136	1,570	434	38%
CFM56 engines	60	52	(8)	(13)%
High thrust engines	181	190	9	5%
Helicopter engines	508	588	80	16%
M88 engines	51	42	(9)	(18)%

<i>Number of units delivered</i>	2022	2023	Units	%
787 landing gear sets	21	30	9	43%
A350 landing gear sets	43	46	3	7%
A330neo nacelles	52	54	2	4%
A320neo nacelles	588	579	(9)	(2)%
Small nacelles (bizjet & regional jets)	516	512	(4)	(1)%
A350 lavatories	338	414	76	22%
Business class seats	1,704	983	(721)	(42)%
A320 emergency slides	4,454	3,950	(504)	(11)%
787 primary power distribution systems	112	282	170	152%

OE / Services revenue split

REVENUE Adjusted data (in Euro million)	2022		2023	
	OE	Services	OE	Services
Aerospace Propulsion % of revenue	3,515 37.0%	5,991 63.0%	4,565 38.4%	7,311 61.6%
Equipment & Defense % of revenue	4,710 62.5%	2,825 37.5%	5,368 60.8%	3,467 39.2%
Aircraft Interiors % of revenue	1,389⁽¹⁾ 70.2%	589 29.8%	1,597⁽¹⁾ 64.5%	880 35.5%

(1) Retrofit is included in OE

FY 2023: Research & Development

<i>(In €M)</i>	2022	2023	Change
Total R&D	(1,540)	(1,818)	(278)
R&D sold to customers	521	602	81
R&D expenses	(1,019)	(1,216)	(197)
<i>as a % of revenue</i>	5.4%	5.2%	(0.2)pt
Tax credit	151	159	7
R&D expenses after tax credit	(868)	(1,057)	(190)
Gross capitalized R&D	278	319	41
Amortization and depreciation of R&D	(236)	(255)	(19)
R&D in recurring operating income (P&L impact)	(826)	(993)	(167)
<i>as a % of revenue</i>	4.3%	4.3%	0.0pt

R&D expenses +19% at €1,216M in 2023

- R&T self-funded expenses at €598M (€471M in 2022) up 27%, focused on decarbonization (RISE program)
- Development expenses at €618M (€548M in 2022), increase mainly due to Defense programs

Gross capitalized R&D

- €316M in 2023, mainly on helicopter engines, LEAP engines, Defense and Aircraft Interiors programs

R&D in recurring operating income impact stable as % of revenue

- Due to higher amortization and depreciation related to R&D programs
- R&D in P&L at 4.3% of sales in 2023 (4.3% in 2022)

FY 2023: Research & Development by activity

(In €M)	2023	Aerospace Propulsion	Equipment & Defense	Aircraft Interiors
R&D expenses <i>as a % of revenue</i>	(1,216) 5.2%	(570) 4.8%	(484) 5.5%	(162) 6.5%
Tax credit	159	67	87	5
R&D expenses after tax credit	(1,057)	(503)	(397)	(157)
Gross capitalized R&D	319	96	149	74
Amortisation and depreciation of R&D	(255)	(124)	(97)	(34)
P&L R&D in recurring operating income <i>as a % of revenue</i>	(993) 4.3%	(531) 4.5%	(345) 3.9%	(117) 4.7%

Balance sheet as of December 31, 2023

(In €M)	Dec 31, 2022	Dec 31, 2023
Goodwill	4,994	4,706
Tangible & Intangible assets and right of use	12,509	12,533
Investments in joint ventures and associates	1,974	1,928
Other non current assets	2,354	1,926
Operating Working Capital	(2,453)	(3,450)
Net cash (debt)	14	374
Assets available for sale	163	-
Shareholders' equity - Group share	10,411	11,577
Minority interests	455	511
Non current liabilities (excl. net cash (debt))	1,541	1,352
Provisions	2,567	2,611
Other current liabilities / (assets) net	4,581	1,966

Liquidity as of December 31, 2023

- Cash and cash equivalent of €6,676 million (stable compared with December 31, 2022)
- Net cash positive
- On February 9, 2024, Safran reimbursed with cash in hand the \$505 million matured last tranche of USPP notes issued in 2012. On April 11, 2024, a €200 million Euro Private Placement will also mature.
- Credit rating A- with a stable outlook (since Dec. 2022)

December 31, 2023

Undrawn revolving credit facility €2,000M	
Gross debt €6,299M + Fair value of debt fair value hedging instruments €(3)M	Cash & equiv. €6,676M
Net Cash €374M	

Definitions

- **Civil aftermarket (expressed in \$)**

- This non-accounting indicator (non-audited) comprises spares and MRO (Maintenance, Repair & Overhaul) revenue for all civil aircraft engines for Safran Aircraft Engines and its subsidiaries and reflects the Group's performance in civil aircraft engines aftermarket compared to the market.

- **Recurring operating income**

- In order to better reflect the current economic performance, this subtotal named "recurring operating income" excludes income and expenses which are largely unpredictable because of their unusual, infrequent and/or material nature such as: impairment losses/reversals, capital gains/losses on disposals of operations and other unusual and/or material non-operational items.

- **Free cash flow**

- Free cash flow represents cash flow from operating activities less any disbursements relating to acquisitions of property, plant and equipment and intangible assets.

- **EBITDA**

- EBITDA represents the sum of profit (loss) from operations and the net recurring and non-recurring charge to depreciation, amortization, impairment and provisions.

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